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BUDGET SOLVES SHORT-TERM GAPS, PROTECTS LONG-TERM GOALS

PHOENIX – Governor Janet Napolitano says she is pleased with the bipartisan budget passed this evening by the Arizona Legislature for Fiscal Year 2009. Although the budget includes substantial cuts, it protects critical services and invests in Arizona’s priorities, including education and services for children, veterans and older Arizonans.

“This budget will fix our short-term gap without being short-sighted,” Governor Napolitano said. “Don’t be mistaken: this was not an easy budget to create, and while it protects critical areas such as education and public safety, balancing it required some painful cuts. But it wisely uses our best fiscal tools, and solves our current shortfall without sacrificing our future. I thank the members of the Arizona Legislature for their hard work to come up with a budget plan that truly meets the needs of our state.”

The new budget will close a projected deficit of about \$2 billion. It includes approximately \$432.5 million in spending reductions, using fund sweeps and strategic (rather than across-the-board) cuts; contains \$581 million in capital financing (bonding) for new school construction (and due to a decline in enrollment, defers some new-school construction); and employs other prudent fiscal tools to bridge the budget gap.

Equally important is what this budget will preserve. The Governor committed to preserving key investments that will allow Arizona to continue to grow effectively in spite of the economic downturn, and this budget will meet that commitment by including:

- ***University Infrastructure Economic Stimulus*** – \$1 billion in capital financing for construction at state universities. The infusion of capital will give a desperately needed boost to the construction industry in Arizona. It will also finance the completion of the Phoenix biomedical campus, as well as upgrades of deteriorated buildings on the campuses of Arizona’s three state universities. This investment is critical to Arizona’s future, allowing the state to accommodate future growth and build the pool of highly qualified workers by doubling the number of bachelor’s degrees earned in Arizona by 2020.
- ***Additional CPS Workers*** – More than \$5 million for more than 80 additional CPS workers to help protect Arizona’s vulnerable children.
- ***Preserved Funding for Education and Research*** – Protects basic funding for K-12 education, soft capital needs (for example, textbooks), full day kindergarten, and Science Foundation Arizona. It also amends the school building formula to include funding for all-day kindergarten classrooms.

- ***Math, Science and Special Education Teachers*** – An additional \$2.5 million for math and science achievement grants as incentives for high-quality teachers.
- ***Arizona Counterterrorism Intelligence Center*** – Additional funding to keep ACTIC operating at full capacity, despite federal cuts to the facility's funding.
- ***Health Care Professionals in Underserved Areas*** – \$500,000 to expand loan repayment programs for doctors, nurses and other health care workers in rural, tribal and underserved areas.

The Universities, while receiving \$1 billion in infrastructure investment, will still sustain \$50 million in cuts to their operating budgets, an amount that is roughly 4.8 percent of the total.

This year's legislative session saw positive action on several other issues important to Arizona:

- ***Targeting Drop Houses*** – The Governor signed HB 2842, which provides new law enforcement tools to combat human smuggling.
- ***Employer Sanctions Fixes*** – HB 2745, signed into law, clarifies several issues in the state's employer sanctions law, specifying that the law applies only to hires after January 1 and clarifying the meaning of a complaint, among other changes.
- ***Autism Coverage*** – HB 2847 requires that private insurers provide coverage for autism so families with autistic children are not overburdened by care costs.
- ***Textbook Prices*** – The Governor signed HB 2230 to help families and college students fight the high cost of textbooks that can make higher education less affordable.
- ***CPS Open Records*** – Four bills were signed into law that make the state's Child Protective Services' operations more transparent.

Two areas the Governor had hoped would be addressed by the Legislature this session will instead go directly to the ballot. The TIME initiative addresses Arizona's massive need for transportation; the Conserving Arizona's Land and Water initiative will bring much-needed reform to the rules for handling Arizona's 9 million acres of state trust land.

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